



August 17, 2005

Howard B. Bernstein  
RPS Program Manager  
Massachusetts Division of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

Re: Notice of Inquiry Regarding Some Proposed Revisions of the Regulations  
Pertaining to the Definition of "LowEmission, Advanced Biomass Power  
Conversion Technologies" ("NOI").

Dear Mr. Bernstein:

Community Energy, Inc. ("CEI") thanks you for the opportunity to provide comment to the Division of Energy Resource ("DOER") and the Department of Environmental Protection ("DEP") on the above referenced Notice of Inquiry ("NOI"). CEI commends DOER and DEP for their effort in building a market for new resources in New England and the open process of inquiring how to best balance the "need to allow for the retrofit of existing thermal power plants with 'low-emission, advanced biomass power conversion technologies,' and the need to maintain the RPS statute's preference for developing new generation utilizing all eligible renewable energy technologies."

Due to the DOER and DEP's persistence and the resultant growing confidence in the RPS REC market, significant capital is finally prepared to flow into New England for renewable development. CEI - as just one example - is poised to invest over \$50 Million in the next year into emission-free wind projects in Massachusetts and New Hampshire, expected to produce approximately 100 million kWh per year of new, emission-free energy. The projected returns of and on these investments rely on continued stability of the RPS REC market in Massachusetts.

CEI is therefore strongly opposed to any proposed changes to the RPS that would result in existing, retooled biomass plants (which is distinctly different than biomass re-powered from formerly fossil fuel generation) being eligible to meet the target set for new renewables as REC prices will crash due to over 500 MW of existing biomass being suddenly RPS eligible<sup>1</sup>. If this level of existing biomass were to flood the RPS market (and the target for new was not incrementally adjusted), new projects will simply not be built.

Ironically, the proposed approach will end up creating the opposite impact intended by the RPS legislation -- that is to drive the development of new renewable generation as it allows existing plants to compete with new developments and furthermore presents a fickle view to investors, scaring away the capital beginning to appear. Finally, the value

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<sup>1</sup> DOER's Database of New England Biomass Units @ [www.mass.gov/doer/rps/biomass\\_dbase.pdf](http://www.mass.gov/doer/rps/biomass_dbase.pdf)

that has been built over the past few years from the ratepayers funding the launch of the RPS market will disappear if the proposed changes go into effect.

An approach to consider that balances the needs of allowing for biomass retrofits and not compromising the RPS intent would be to develop a second tier that allows for existing biomass to qualify, similar the two-tiered structure in New Jersey and Connecticut.

Finally, CEI supports the comments submitted by the Union of Concerned Scientists on the above referenced NOI and looks forward to working with all stakeholders on this critical issue.

Sincerely,

Brent Beerley  
Vice President  
Community Energy, Inc.  
212-374-2052